

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----)
)
PUBLIC UTILITIES COMMISSION) DOCKET NO. 2007-0341
)
Instituting a Proceeding to Review)
Hawaiian Electric Company, Inc.,)
Hawaii Electric Light Company, Inc.)
and Maui Electric Company, Ltd.'s)
Demand-Side Management Reports and)
Requests for Program Modifications.)
_____)

ORDER NO. 36467

- (1) APPROVING THE HECO COMPANIES' GRID SERVICE PURCHASE AGREEMENT WITH OPEN ACCESS TECHNOLOGY INTERNATIONAL; AND
- (2) APPROVING THE HECO COMPANIES' REQUEST FOR REVISED DR PORTFOLIO COST RECOVERY THROUGH THE DSM SURCHARGE

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PUBLIC UTILITIES
COMMISSION

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(2) APPROVING THE HECO COMPANIES' REQUEST FOR REVISED DR PORTFOLIO COST RECOVERY THROUGH THE DSM SURCHARGE

By this Order, the commission approves (1) the HAWAIIAN ELECTRIC COMPANIES' (the "HECO Companies" or "Companies")¹ Grid Service Purchase Agreement ("GSPA") with Open Access Technology International, Inc. ("OATI"), and (2) the Companies' March 18, 2019 request to recover a portion of the Revised Demand Response ("DR") Portfolio variable costs through the Hawaiian Electric Company, Inc. ("HECO") and the Maui Electric Company, Ltd. ("MECO") Demand-Side Management ("DSM") component of

¹The Parties to this docket are the HECO Companies and the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF THE CONSUMER ADVOCACY ("Consumer Advocate"), an ex officio party to this proceeding, pursuant to Hawaii Revised Statutes § 269-51 and Hawaii Administrative Rules § 16-601-62(a).

the Integrated Resource Planning ("IRP") Cost Recovery Provision ("DSM Surcharge").²

I.

BACKGROUND

A.

Procedural History

On October 12, 2007, the commission opened Docket No. 2007-0341 to review the Companies' DSM reports and requests for program modifications.³

On February 2, 2015, the commission issued Order No. 32660 in the instant proceeding, which, among other things, approved HECO's and MECO's requests to continue to utilize the DSM component of the IRP Cost Recovery Provision for the

²"[HECO Companies'] Amended Request to Recover DR Portfolio Variable Costs through the DSM Surcharge; Exhibit 1; Attachments A-B," filed on March 18, 2019 ("HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge").

³See Order No. 23717 at 3 ("By Decision and Order No. 23258, filed on February 13, 2009, in the Energy Efficiency Docket, the commission determined, inter alia, that (1) it will open a new docket to approve HECO's periodic DSM reports, including HECO's DSM Annual Program Accomplishments and Surcharge ("A&S") Report and Monitoring and Evaluation ("M&E") Report, and (2) HECO may file request for modifications to its DSM programs in the newly established docket.")

recovery of customer incentive payments associated with existing Demand Response ("DR") Programs.⁴

On December 30, 2015, the Companies filed their application seeking approval of the DR Program Portfolio Tariff Structure, Reporting Schedule, and Cost Recovery of Program Costs through the DSM Surcharge ("Application").⁵

On February 10, 2017, in Docket No. 2015-0412, the Companies submitted their revised DR Portfolio and requested, among other things, the continued use of the DSM Adjustment for the collection of the DR Portfolio variable costs until such costs are approved and reflected in the Companies' respective base rates.⁶

On January 25, 2018, in Docket No. 2015-0412, the commission issued Decision and Order No. 35258 ("D&O 35258"),

⁴See Order No. 32660, "Confirming That Hawaiian Electric Company and Maui Electric Company May Continue Existing Demand Response Programs without Modification and Approving the Use of the Demand Side Management Mechanism to Recover Incentive Payments Made in Conjunction with Existing Demand Response Programs," filed on February 2, 2015, at 17-19 (stating that "[t]his request is consistent with past recovery of these payments." Id. at 17.).

⁵See Docket 2015-0412, "Application; Verification; Exhibits A-I; and Certificate of Service," filed on December 30, 2015. The Companies specifically requested treatment of GSPA contract(s) as variable program costs for purposes of cost recovery through base rates, the DSM Adjustment and/or the Demand Response Adjustment Clause ("DRAC"), as applicable.

⁶"[HECO Companies'] Revised DR Portfolio; Exhibit 1; Attachments A-K," filed on February 10, 2017 ("Revised DR Portfolio").

approving the Companies' Revised Demand Response Portfolio ("Revised DR Portfolio"), including the Companies' proposed reporting structure and proposed three-year EM&V cycle, and approved, in principle, the establishment of the DRAC as a new component of the IRP Cost Recovery Provision. The commission declined to approve the implementation costs of the Revised DR Portfolio and ordered the Companies to provide a thorough outline or accounting of all potential program benefits and how the Companies plan to ensure those benefits flow through to customers in the 2018 Modifications and Evaluation Report ("M&E Report").⁷

On August 31, 2018 the Companies filed a Letter Request⁸ in the instant docket seeking expedited approval to recover the "Total Variable Costs"⁹ of the Revised DR portfolio, through the DSM Surcharge until such costs are approved and reflected in the Companies' respective base rates.

⁷Docket 2015-0412, D&O 35258, at 82.

⁸HECO Companies' Letter to the commission regarding Recovery of DR Portfolio Variable Costs through the DSM Surcharge, filed on August 31, 2018 ("August 31, 2018 Letter Request").

⁹The Companies describe the "Total Variable Cost" as the "total maximum cost on a per-grid service, per-year basis, as reflected in the Benefit-Cost analysis submitted with the revised [Demand Response] Portfolio." Letter Request at 2.

On September 25, 2018, the commission issued Order No. 35715, addressing the Companies' August 31, 2018 Letter Request.¹⁰

On October 4, 2018, in accordance with Order No. 35715, the Companies filed an amended Letter Request.¹¹

On November 13, 2018, the commission issued Order No. 35876, permitting the Companies to file a future request for cost recovery for grid services procured through negotiated and finalized GSPAs, related to the Companies' DR Portfolio.¹²

On March 18, 2019, the Companies submitted their second Amended Letter Request (i.e., Letter Request for DSM Program Recovery through DSM Surcharge) for approval to recover a portion of their Revised DR Portfolio variable costs, i.e., the anticipated costs related to their negotiated and finalized GSPA with OATI and

¹⁰Order No. 35715, "Directing the Hawaiian Electric Companies to File an Amended Letter Request Regarding Recovery of Demand Response Portfolio Variable Costs through the DSM Surcharge," filed September 25, 2018 ("Order No. 35715").

¹¹"Hawaiian Electric Companies' Demand-Side Management Programs Amended Request to Recover DR Portfolio Variable Costs through the DSM Surcharge," filed October 4, 2018.

¹²Order No. 35876, "Providing Further Guidance Regarding Recovery of Demand Response Portfolio Variable Costs Through the DSM Surcharge," filed November 13, 2018 ("Order No. 35876").

associated customer incentives through the HECO and MECO DSM component of the IRP Surcharge.¹³

On March 29, 2019, the Companies filed their Annual Program A&S Report for the Commercial and Industrial Direct Load Control, Residential Direct Load Control, and Fast Demand Response Pilot programs (collectively, the "DSM Programs"). The A&S Report provided (1) a summary of the DSM Programs' accomplishments for the 2018 program year, and (2) a presentation of the 2019 program year budget and forecasted impacts.¹⁴

On May 16, 2019, the commission issued Order No. 36322, instructing the Consumer Advocate to file a Statement of Position ("SOP") regarding the Companies Amended Letter Request. The Consumer Advocate filed its SOP ("CA SOP") on June 25, 2019.¹⁵

On July 3, 2019, the Companies filed a letter informing the commission that the issues within the instant docket are ready

¹³In the Amended Letter Request, the Companies refer to the HECO and MECO DSM component of the integrated resource planning cost recovery provisions as the "DSM Surcharge".

¹⁴See Hawaiian Electric Annual Program A&S Report, filed March 29, 2019.

¹⁵"Division of Consumer Advocacy's Statement of Position Regarding the HECO Companies' Amended Letter Request; and Certificate of Service," filed on June 25, 2019.

for decision-making and they would not be submitting a reply to the Consumer Advocate's SOP.¹⁶

B.

Revised DR Portfolio

As the commission has previously stated,¹⁷ the Companies' DR programs are undergoing an evolution towards a market-based grid services portfolio that (1) provides dynamically-priced services for direct or indirect customer participation, and (2) affords market participants, such as intermediates or aggregators, the opportunity to bid for the delivery of grid services based on system needs.¹⁸

In response to commission guidance, the Companies have begun developing a grid services portfolio, recognizing that opportunities for utilization of customer-sited distributed energy resources ("DER") to continue to increase renewable energy integration while enhancing grid stability and reliability are critical to the achievement of Hawaii's clean energy goals.

¹⁶See the Companies' Letter re Amended Letter Request to Recover DR Portfolio Variable Costs through the Demand-Side Management Surcharge Ready for Decision Making, filed July 3, 2019, at 1.

¹⁷Order No. 32054, filed April 28, 2014 ("Order No. 32054"), at 114.

¹⁸Order No. 32054 at 114.

As stated in previous orders, the commission believes that the Revised DR Portfolio and associated efforts are key components of a broader market structure that will provide benefits to all customers through additional options for market participation, improved operational performance, and lower utility costs.

1.

RFP #061715-02

On May 1, 2015, the Companies issued RFP #061715-02 to begin the acquisition of the DR resources to fulfill their DR Portfolio needs. Specifically, the purpose of RFP #061715-02 was to procure grid services from customer sited, demand-side resources, particularly capacity and ancillary services.¹⁹ The Companies viewed RFP #061715-02 as a unique opportunity to develop a portfolio of demand-side resources to meet a variety of grid service needs, while providing additional choices and benefits for the Companies' customers. In its final form, RFP #061715-02 solicited target amounts of 36 MW for Fast Frequency Response ("FFR") and 44 MW for Capacity for Oahu, and approximately 14 MW of Capacity for Maui.²⁰

¹⁹See RFP #061715-02 at 3.

²⁰HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge, Attachment A at 1.

Demonstration Projects

Beginning in 2016, the Companies undertook demonstration projects to offer short-listed vendors selected pursuant to RFP #061715-02 and the Companies an opportunity to test technology, operational, and market assumptions relating to the delivery of Grid Services ("Demonstration Projects").²¹ The Companies stated that the purpose of these Demonstration Projects was to identify, document, and mitigate any technology, operational, and/or market risks.²²

The Companies state that they "solicited [D]emonstration [P]roject proposals from all short-listed vendors in [] RFP [061715-02] on September 14, 2016[,] and ultimately selected nine projects from six vendors."²³ The solicitation requested proposals for Demonstration Projects of limited size and duration to allow vendors to demonstrate the delivery of key Grid Services: Regulating Reserve, FFR, and Capacity. The Companies stated that lessons learned from the Demonstration Projects were incorporated

²¹Docket 2015-0412, HECO Companies' Demonstration Phase Final Report, filed August 31, 2018, at 3 ("Demonstration Phase Final Report").

²²Demonstration Phase Final Report at 9.

²³Demonstration Phase Final Report at 9 (discussing RFP #061715-02 Addendum No. 1). While six vendors were initially selected to implement the Demonstration Projects, one vendor declined to participate during contract negotiations.

into the BAFO request and GSPA negotiations that followed.²⁴ Subsequent to the Demonstration Projects, the Companies issued Addendum #2, a request for a Best and Final Offer ("BAFO") for RFP #061715-02, setting a deadline for respondents to submit a BAFO no later than June 16, 2018.²⁵ On July 3, 2018, the Companies notified the vendors of their final proposal selections, and began GSPA negotiations.²⁶

3.

OATI GSPA

A.

Material Terms of the GSPA

The GSPA that the Companies ultimately negotiated with OATI is included as Attachment B to the Companies' Amended Letter Request to Recover DR Portfolio Variable Costs through the DSM Surcharge.

Term: The term of the GSPA commences upon the execution date and shall remain in effect for sixty (60) months from the System Integration Date ("Initial Term"), unless terminated

²⁴Demonstration Phase Final Report at 7.

²⁵HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge at 3.

²⁶HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge at 3.

earlier pursuant to the GSPA.²⁷ When the Initial Term expires, the GSPA automatically terminates.²⁸

Pricing: The payment structure is comprised of (1) a management fee and (2) an enablement price payment.²⁹ Monthly incentives will be credited to the participating customers' bills. The management fee is the monthly payment an aggregator receives as a payment for the commitment to deliver a specified amount of each grid service. The enablement price payment includes a one-time payment that aggregators can receive to enable and deliver the grid service. The incentive is the monthly payment a customer receives as an availability payment to deliver a grid service.

Payment and Invoicing: Subject to provisions within the GSPA, and except as otherwise agreed upon by the Parties, commencing on the first day of the Settlement month immediately following the System Integration Date, for each Settlement month, the Company shall pay OATI for the enablement and management of grid services provided by the supplier and accepted by

²⁷HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge, Attachment B at 12.

²⁸HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge, Attachment B at 12.

²⁹The majority of information related to pricing was redacted and filed under seal, pursuant to the "Order Approving Stipulated Protective Order, with Modifications," filed on March 24, 2011 in this docket.

the Company.³⁰ For each Settlement month, the Company shall also pay a participant a Participant Incentive Credit as calculated by OATI at the price set.³¹ The Participant Incentive Credit shall be reflected as a credit on a Participant's electricity bill from the Company.

Notice of Default: Upon occurrence of an Event of Default specified in Section 6.1 of the GSPA, the non-defaulting Party shall deliver to the defaulting Party a written notice that (i) declares that the Event of Default has occurred under Section 6.1 and (ii) identifies the specific provision or provisions of such Sections under which such Event of Default shall have occurred.³²

Liquidated Damages: The Parties agree that the Liquidated Damages prescribed in the GSPA (1) constitute a reasonable and good faith estimate of the anticipated or actual loss or damage that would be incurred by the Company as a result of such failure, (2) are not intended as a penalty, (3) may be invoked by the Company to ensure that the GSDS meets the performance standards established under the GSPA,

³⁰HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge, Attachment B at 39.

³¹HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge, Attachment B at 39.

³²HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge, Attachment B at 43.

and (4) constitute the Company's sole and exclusive monetary remedy with respect to the matters for which they are assessed, except as otherwise expressly stated.³³

Contract Capability: The OATI GSPA will provide 17.8 MW of capacity and FFR grid services for Oahu and up to 2.5 MW of capacity grid service for Maui.³⁴ The Contract Capability of the OATI GSPA is summarized below:

Table 1: Oahu Grid Services³⁵

	Year 1	Year 2	Year 3	Year 4	Year 5
Capacity Load Reduction	4.9	6.9	6.9	6.9	6.9
Capacity Load Build	0.2	0.3	0.3	0.3	0.3
FFR	7.9	10.6	10.6	10.6	10.6
Total	13.0	17.8	17.8	17.8	17.8

³³HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge, Attachment B at 49-50.

³⁴HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge, Attachment A at 1.

³⁵HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge, Attachment A at 2, and Attachment B at 104-106.

Table 2: Maui Grid Services³⁶

	Year 1	Year 2	Year 3	Year 4	Year 5
Capacity Load Reduction	2.4	2.4	2.4	2.4	2.4
Capacity Load Build	0.1	0.1	0.1	0.1	0.1
Total	2.5	2.5	2.5	2.5	2.5

B.

The Consumer Advocate's Position

The Consumer Advocate does not object to the inclusion of the Total Variable Costs not to exceed \$19,462,107 for Oahu and \$3,621,699 for Maui in the DSM Surcharge over a five-year period.³⁷ However, the Consumer Advocate reiterates the following concerns and recommendations:

Estimated Bill Impact. The Consumer Advocate expressed concerns regarding the estimated bill impact the Companies have provided within the OATI GSPA. Based on its review, the Consumer Advocate remains concerned that the estimated bill impact only reflects the estimated costs of the OATI DR Portfolio in the

³⁶HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge, Attachment A at 2, and Attachment B at 107-108.

³⁷See CA SOP at 13.

first year.³⁸ Additionally, the Consumer Advocate provides that "as FFR and Capacity services are expected to increase in Years 2 and 3, the estimated bill impacts will increase".³⁹ Thus, the Consumer Advocate recommends further review of the Companies' proposed benefits realization methodology and the recommendations expected to be provided by the Companies' evaluation, measurement, and verification ("EM&V") consultant, Cadmus.^{40,41}

Benefits Methodology. The Consumer Advocate contends that additional review is necessary to determine whether the Companies' proposed benefits realization methodology assesses all of the costs and savings associated with the DR Portfolio.⁴² Relatedly, the Consumer Advocate believes that any analysis provided by the Companies should be accompanied by the underlying assumptions to facilitate the review of work.⁴³ Nevertheless, the Consumer Advocate states:

the proposed ex post production simulation modeling appears appropriate to estimate the potential benefits derived from DR deployment but the underlying assumptions used to compare

³⁸See CA SOP at 13.

³⁹See CA SOP at 8-9.

⁴⁰Cadmus is the Companies' consultant selected to perform the EM&V of the Revised DR Portfolio.

⁴¹See CA SOP at 11

⁴²See CA SOP at 11.

⁴³See CA SOP at 12.

historical operations (with DR) as compared to operations (without DR) will need to be considered and evaluated.⁴⁴

Furthermore, the Consumer Advocate encourages the "measurement and valuation process to carefully analyze the benefits to avoid the calculation of theoretical benefits as it is more important to quantify the benefits that are being *delivered* to customers whether in the form of lower customer bills, reduced greenhouse gases and/or improved quality and reliability of service."⁴⁵

II.

DISCUSSION

A.

OATI GSPA

The OATI GSPA, dated February 25, 2019,⁴⁶ is currently the sole GSPA that resulted from RFP #061715-02. After review, the commission approves the OATI GSPA and finds that it is a

⁴⁴CA SOP at 12.

⁴⁵CA SOP at 12 (emphasis in original).

⁴⁶In their 2018 M&E Report, the Companies noted that the GSPAs would be filed with the commission in December 2018 once they were executed between the Companies and the aggregators. The Companies informed the commission by letter that they expected to execute both contracts in January 2019. See the HECO Companies' Letter re Status Update on Grid Services Purchase Agreements, filed on December 27, 2018.

reasonable starting point as the Companies continue to develop a robust and cost-effective portfolio of grid services from distributed energy resources.⁴⁷ Although the Companies are procuring a small portion of the grid services targets established in the Revised DR Portfolio, the commission finds the OATI GSPA is aligned with past commission guidance and is consistent with an approach that embraces the Companies' increasing role as an energy network system integrator and operator.

This effort will result in a more flexible and reliable grid that empowers customers with expanded energy options and economic opportunity.⁴⁸ Furthermore, the grid services procured through the OATI GSPA are designed to enable increased renewable energy integration and reduce the need for additional fossil fuel generation to provide essential grid services.

Additionally, the commission expects the cost of grid services contracts to continue to decline in the future as a result of reduced technology costs, a more robust competitive market, and improved program efficiencies and execution as both the local

⁴⁷The commission is not approving the OATI GSPA as the model GSPA for the Companies to utilize on a going forward basis, and the Companies should continue discussions with stakeholders in the Integrated Grid Planning - Standardized Contract Working Group (see Docket No. 2018-0165) to modify the GSPA as discussions with stakeholders involved in the Working Group continue.

⁴⁸See Docket 2015-0412, Decision and Order No. 35238, filed on January 25, 2018 ("D&O 35238"), at 60.

market and the Companies gain experience with these resources. Ongoing efforts in the Grid Services RFP in Docket No. 2017-0352⁴⁹ will provide an opportunity for both the Companies and market participants to acquire additional low-cost grid services for system needs in the near future. As part of the Grid Services RFP, the Companies have an opportunity to further reduce costs by streamlining the procurement process, conducting more timely contract negotiations, and reducing the complexity and risk associated with the GSPA. As such, the Companies should incorporate improvements within the next grid services procurement effort to drive down costs and provide a more cost-effective DR portfolio, maximizing benefits for all customers.

The commission also recognizes the market for grid services is nascent at this time, and believes it is important to track and measure the success and efficiency of this program, including through the Companies' proposed ex post production simulation modeling.⁵⁰ The Companies' attention to this particular

⁴⁹See Docket 2017-0352, the HECO Companies' Proposed Final Stage 2 Renewable and Grid Service Request for Proposals, filed on July 10, 2019.

⁵⁰See CA SOP at 12 ("As clarification the Consumer Advocate believes that the proposed ex post production simulation modeling appears appropriate to estimate the potential benefits derived from DR deployment but the underlying assumptions used to compare historical operations (with DR) as compared to operations (without DR) will need to be considered and evaluated.").

issue will improve future offerings and make appropriate course corrections in the existing program if necessary. As discussed by the Consumer Advocate, the Companies should ensure that the measurement and valuation process carefully and thoroughly analyzes the proposed benefits of the grid services portfolio.

The commission will continue to require reporting⁵¹ on these programs and stresses the importance of regular monitoring to allow for adjustments as the Companies operationalize these resources. These reports should include summaries of feedback provided by customers and grid services aggregators, in addition to analysis of program performance and benefits that have been realized as a result of the grid services portfolio.

Furthermore, the success of this program will be highly dependent on the Companies' efforts to ensure customers are aware of the opportunity to participate, the extent of their contributions and the benefits they provide to the system, and the value they receive for their participation. As such, the Companies should ensure that communication, outreach, and feedback regarding the program and associated behavior modifications for meaningful

⁵¹The Companies are required to file two annual reports with the commission. The two reports are the Modification and Evaluation Report ("M&E Report") to be filed by November 30 of each year, and the Accomplishments and Surcharge Report ("A&S Report") to be filed in March following the end of each calendar year. The Companies propose to report the status of the contract execution and the development of the benefits realization through these two annual reports.

participation are a focal point of the Companies' grid services portfolio implementation.

B.

DSM Surcharge Cost Recovery

In the Companies' March 18, 2019 Amended Letter Request, the Companies requested recovery of DR Portfolio Total Variable Costs of a not to exceed total of \$19,462,107 for Oahu and \$3,621,669 for Maui, through the DSM Surcharge over a five-year period.⁵² The Total Variable Costs are based on procurement of approximately 20 MW of combined grid services of Load Shifting (Capacity) and FFR, as set forth in the OATI GSPA.⁵³ The commission acknowledges this recovery mechanism will allow the Companies to recover prudently incurred costs until the commission approves the DR Portfolio budget in base rates during the next set of respective rate cases.

Therefore, the commission finds it is appropriate to approve this request based on the significant magnitude of the overall program costs and the inherent variability of customer uptake and resource availability. As stated in previous orders,

⁵²HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge at 1.

⁵³HECO Companies' Letter Request for DSM Program Recovery through DSM Surcharge at 1.

the commission finds that there is a need for the Companies to be able to recover prudently incurred DR costs, consistent with established regulatory ratemaking principles, "that are required to stand up, expand, and maintain the proposed DR programs."⁵⁴ Additionally, the commission is still cognizant of the value in the use of a surcharge to account for (1) customer incentive variations depending on the frequency of "dispatch" of DR resources and (2) program costs which will be impacted by the actual level of customer participation in this program at this time. The commission remains convinced that the utilization of a surcharge can help place DR resources on equal footing with traditional resources and will provide an accounting measure that will support the overall execution of the Revised DR Portfolio at this stage of implementation.

With respect to the Consumer Advocate's concerns regarding the cost effectiveness of the OATI GSPA, the commission notes that the Companies have relied on data and assumptions developed for the Value of Service study within the Revised DR Portfolio.⁵⁵ To ensure that customers are realizing the benefits of the grid services procured, the commission expects that any

⁵⁴D&O 35238 at 75.

⁵⁵See Docket No. 2015-0412, "Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company, Limited; Revised DR Portfolio; and Certificate of Service," filed on February 10, 2017, at Attachment B.

future cost-effectiveness tests are conducted with the most current data available to accurately reflect the avoided cost of grid services procured.⁵⁶

IV.

ORDERS

1. The commission approves the HECO Companies' OATI GSPA, for the reasons set forth herein.

2. The commission approves the HECO Companies' March 18, 2019 request to recover a portion of the Revised DR Portfolio variable costs through HECO's and MECO's DSM Surcharge.

DONE at Honolulu, Hawaii AUG - 9 2019.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By James P. Griffin
James P. Griffin, Chair

By Jennifer M. Potter
Jennifer M. Potter, Commissioner

APPROVED AS TO FORM:

Caroline C. Ishida
Caroline C. Ishida
Commission Counsel

By Leodoloff R. Asuncion, Jr.
Leodoloff R. Asuncion, Jr., Commissioner

2007-0341.ljk

⁵⁶ The commission agrees with the Consumer Advocate that further review of the Companies' proposed benefits realization methodology and the cost-effectiveness of the Revised DR Portfolio should be conducted by the Companies' EM&V consultant, Cadmus.

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail,
postage prepaid, and properly addressed to the following parties:

DEAN NISHINA
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